

Kellar Kellar & Jaiven

ATTORNEYS AT LAW

PAUL T. KELLAR
MITCHELL L. JAIVEN

SARAH KELLAR HVOZDA
NORMAN KELLAR (1914-2012)

14 PEARL STREET, P. O. BOX 3536
KINGSTON, N.Y. 12402

TEL. (845) 331-8900

FAX (845) 331-0632

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Kevin Bryant, Corporation Counsel
City of Kingston City Hall
420 Broadway
Kingston, New York 12401

RE: 346 WASHINGTON AVENUE, LLC

Dear Mr. Bryant:

Our firm represents 346 Washington Avenue, LLC (the "LLC"). The five members of the LLC, all Ulster County residents, undertook a project over 10 years ago to purchase and rehabilitate a derelict building at 346 Washington Avenue, Kingston, New York, that formerly housed an abandoned nursing home. Aided by the Ulster County Industrial Development Agency (the "UCIDA"), the LLC members successfully rehabilitated the building which now houses multiple medical offices. The efforts of the LLC have turned an unused, if not abandoned, commercial building into a productive asset that has generated, and will continue to generate, enhanced property tax revenues to the benefit of the City of Kingston and the Kingston City School District.

At the inception of the project in 2006, the LLC entered into a Payment in Lieu of Taxes (PILOT) Agreement with the UCIDA. Under the PILOT Agreement, the City of Kingston Assessor was charged with the responsibility for calculating the LLC's obligations in lieu of property taxes. Beginning with the 2008/2009 school tax year, the amount calculated was presented to the LLC, which always paid timely each amount billed under the PILOT Agreement. After making each payment, the LLC had the right, under various leases, to bill its tenants for the amounts paid and be reimbursed directly pro rata by tenants as added rent.

In 2013, the City of Kingston Assessor discovered an error and corrected the amounts billed going forward under the PILOT Agreement, significantly increasing the LLC's annual liability. Since the correction of the error, the LLC continued to make timely payments of each amount billed to it under the PILOT Agreement after the increase, and the LLC also continued to obtain reimbursement pro rata from tenants.